

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**CLERK'S OFFICE****REVISED NOTICE OF FILING AND HEARING AND PREFILE TESTIMONY DEADLINES**
(Notice to Customers)**DOCKET NO. 2019-290-WS****Application of Blue Granite Water Company for Approval of an
Adjustment in Rate Schedules and an Increase in Rates**

On October 2, 2019, Blue Granite Water Company ("Blue Granite" or the "Company") filed with the Public Service Commission of South Carolina ("Commission") an application requesting authority to adjust its rate schedules and to increase its rates ("Application"). The Application was filed pursuant to S.C. Code Ann. §58-5-240 and S.C. Code Ann. Regs. 103-712(4)(A) and 103-512(4)(A).

In its Application, the Company states that recent major capital projects needed to improve service to customers, increases in costs for third-party purchased water and wastewater treatment, increases in property taxes related to capital investment, and updates to depreciation rates, have made it necessary to request a net increase in retail revenues. The Company has invested approximately \$23 million in its water and wastewater infrastructure since the last rate case, filed in November 2017. Blue Granite's request includes a one-time credit to customers resulting from the federal Tax Cuts and Jobs Act in the amount of \$10.64. Blue Granite also proposes to implement annual rate adjustment procedures for Purchased Water Charges and Purchased Wastewater Treatment Charges, and for authority to continue to defer the Company's purchased water and wastewater treatment expenses (above or below the amounts reflected in rates) caused by changes in third party provider rates, until such expenses are reflected in rates. The Company also makes other requests in its Application, including seeking authority to defer costs related to the decommissioning of certain assets, to establish a storm reserve fund, to include in its tariff the treatment of taxes on contributions in aid of construction, to change its pumping charge for solids interceptor tanks to reflect actual costs, and to implement an opt-in "Round Up" program to assist customers in need.

Blue Granite seeks to recover additional annual revenues resulting from third-party purchased water and wastewater treatment, as well as revenues resulting primarily from investments in infrastructure needed to serve customers, for a total requested annual revenue increase of \$11,731,803. This results in an annual revenue increase for Service Territory 1 Water of \$3,636,850, for Service Territory 2 Water of \$1,939,107, and for Consolidated Sewer of \$6,155,846. Blue Granite also proposes to separately bill for and receive annual revenues to recover third-party purchased water and wastewater treatment costs. Applicable water service customers are designated as "Distribution Only", and applicable sewer service customers are designated as "Collection Only" in the proposed tariff rates below:

SCHEDULE OF PROPOSED RATES AND CHARGES

WATER

Service Territory 1

Monthly Charges - Water Supply Customers Only

Where water is supplied by wells owned and operated by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
Base Facilities Charge	\$ 14.38 per unit	\$ 22.09 per unit
Commodity Charge	\$ 5.59 per 1,000 gal. or 134 cft.	\$ 8.59 per 1,000 gal. or 134 cft.

Commercial

Base Facilities Charge
by meter size

5/8" meter *	\$ 14.38 per unit	\$ 22.09 per unit
3/4" meter	\$ 14.38 per unit	\$ 22.09 per unit
1" meter	\$ 37.43 per unit	\$ 55.24 per unit
1.5" meter	\$ 74.86 per unit	\$ 110.47 per unit
2" meter	\$ 119.78 per unit	\$ 176.76 per unit
3" meter	\$ 224.59 per unit	\$ 331.42 per unit
4" meter	\$ 374.42 per unit	\$ 552.37 per unit
8" meter	\$1,150.51 per unit	\$1,767.59 per unit

Commercial Commodity Charge	\$ 5.59 per 1,000 gal. or 134 cft.	\$ 8.59 per 1,000 gal. or 134 cft.
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Monthly Charges – Water Distribution Customers Only

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
Base Facilities Charge per single-family house, condominium, mobile home, or apartment unit	\$14.38 per unit	\$22.09 per unit
Residential Distribution Charge	\$ 7.55 per 1,000 gal. or 134 cft.	\$ 4.75 per 1,000 gal. or 134 cft.
Purchased Water Charge	\$ N/A per 1,000 gal. or 134 cft.	\$ 6.85 per 1,000 gal. or 134 cft.

Commercial

Base Facilities Charge
by meter size

5/8" meter *	\$ 14.38 per unit	\$ 22.09 per unit
3/4" meter	\$ 14.38 per unit	\$ 22.09 per unit
1" meter	\$ 37.43 per unit	\$ 55.24 per unit
1.5" meter	\$ 74.86 per unit	\$ 110.47 per unit
2" meter	\$ 119.78 per unit	\$ 176.76 per unit

**** (Please see full Application on the Commission's website @psc.sc.gov) ****

3" meter	\$ 224.59 per unit	\$ 331.42 per unit
4" meter	\$ 374.42 per unit	\$ 552.37 per unit
8" meter	\$1,150.51 per unit	\$1,767.59 per unit
Commercial Distribution Charge	\$ 7.55 per 1,000 gal. or 134 cft.	\$ 4.75 per 1,000 gal. or 134 cft.
Purchased Water Charge	\$ N/A per 1,000 gal. or 134 cft.	\$ 6.85 per 1,000 gal. or 134 cft.

Purchased Water Expense Rate Adjustment Mechanism

"Water Distribution Customers Only" for Water Service Territory 1 are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that result from third party wholesale purchased water provider rate changes.

The commodity rate adjustment is calculated using customer and consumption data from the annual reconciliation period. The commodity rate adjustment is calculated by first finding the average consumption of all water distribution customers for Water Service Territory 1 in the annual reconciliation period. The average consumption is determined by taking the total water consumption for the annual reconciliation period and dividing it by the total number of water billing units for the annual reconciliation period. Next, the adjustment in purchased water expense caused by known and measurable changes in rates from third party wholesale providers is calculated. Then, the expense per billing unit is calculated by dividing the total change in purchased water expense by the annualized number of water billing units. Finally, the commodity rate adjustment required to recover or rebate the change in purchased water expenses is determined by dividing the expense per billing unit by the average consumption per 1,000 gallons. The commodity rate adjustment designed to recover the deferral balance amortization expense is adjusted each year and reset to zero when a new base rate case is effective.

Storm Reserve Fund Surcharge

Each water customer will be assessed a monthly Storm Reserve Fund surcharge of \$0.53 until the Storm Reserve Fund has reached a balance of \$200,000. Thereafter, assessment of the Storm Reserve Fund surcharge will be suspended until such time as actual costs are incurred by the Company to restore service to customers after storms, at which point the surcharge will be reinstituted until the Storm Reserve Fund has reached a balance of \$200,000.

Service Territory 2

Monthly Charges - Water Supply Customers

Where water is supplied by wells owned and operated by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
Base Facilities Charge	\$ 28.59 per unit	\$ 38.58 per unit
Commodity Charge	\$ 10.27 per 1,000 gal. or 134 cft.	\$ 13.86 per 1,000 gal. or 134 cft.
<u>Commercial</u>		
Base Facilities Charge by meter size		
5/8" meter*	\$ 28.59 per unit	\$ 38.58 per unit
1" meter	\$ 79.59 per unit	\$ 96.45 per unit
1.5" meter	\$ 146.27 per unit	\$192.89 per unit

****(Please see full Application on the Commission’s website @psc.sc.gov)****

3” meter	\$ 499.14 per unit	\$578.67 per unit
Commercial Distribution Charge	\$ 10.27 per 1,000 gal. or 134 cft.	\$13.86 per 1,000 gal. or 134 cft.

Monthly Charges – Water Distribution Customers Only

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
Base Facilities Charge	\$28.59 per unit	\$38.58 per unit
Distribution Charge	\$11.85 per 1,000 gal. or 134 cft.	\$ 4.91 per 1,000 gal. or 134 cft.
Purchased Water Charge	\$ N/A per 1,000 gal. or 134 cft.	\$ 11.08 per 1,000 gal. or 134 cft.

Commercial

Base Facilities Charge by meter size:

5/8” meter*	\$ 28.59 per unit	\$ 38.58 per unit
1” meter	\$ 79.59 per unit	\$ 96.45 per unit
1.5” meter	\$ 146.27 per unit	\$192.89 per unit
3” meter	\$ 499.14 per unit	\$578.67 per unit
Commercial Distribution Charge	\$ 11.85 per 1,000 gal. or 134 cft.	\$ 4.91 per 1,000 gal. or 134 cft.
Purchased Water Charge	\$ N/A per 1,000 gal. or 134 cft.	\$ 11.08 per 1,000 gal. or 134 cft.

Purchased Water Expense Rate Adjustment Mechanism

“Water Distribution Customers Only” for Water Service Territory 2 are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that result from third party wholesale purchased water provider rate changes.

The commodity rate adjustment is calculated using customer and consumption data from the annual reconciliation period. The commodity rate adjustment is calculated by first finding the average consumption of all water distribution customers for Water Service Territory 2 in the annual reconciliation period. The average consumption is determined by taking the total water consumption for the annual reconciliation period and dividing it by the total number of water billing units for the annual reconciliation period. Next, the adjustment in purchased water expense caused by known and measurable changes in rates from third party wholesale providers is calculated. Then, the expense per billing unit is calculated by dividing the total change in purchased water expense by the annualized number of water billing units. Finally, the commodity rate adjustment required to recover or rebate the change in purchased water expenses is determined by dividing the expense per billing unit by the average consumption per 1,000 gallons. The commodity rate adjustment designed to recover the deferral balance amortization expense is adjusted each year and reset to zero when a new base rate case is effective.

Storm Reserve Fund Surcharge

Each water customer will be assessed a monthly Storm Reserve Fund surcharge of \$0.53 until the Storm Reserve Fund has reached a balance of \$200,000. Thereafter, assessment of the Storm Reserve Fund surcharge will be suspended until such time as actual costs are incurred by the Company to restore service

****(Please see full Application on the Commission's website @psc.sc.gov)****

to customers after storms, at which point the surcharge will be reinstituted until the Storm Reserve Fund has reached a balance of \$200,000.

2. Non-Recurring Charges

A. Water Service Connection (New connections only) - \$300 per SFE*

B. Plant Impact Fee (New connections only) - \$400 per SFE*

The fees in this Section are subject to the tax considerations noted in Section G below.

The Plant Capacity Fee reflects the portion of plant capacity which will be used to provide service to the new customers as authorized by Commission Rule R. 103-702.13. The plant capacity fee represents the Utility's investment previously made (or planned to be made) in constructing water production, treatment and/or distribution facilities that are essential to provide adequate water service to the new customer's property.

C. Water Meter Installation - 5/8 inches x 3/4 inches meter \$45.00

All 5/8 inch x 3/4 inch water meters shall meet the Utility's standards and shall be installed by the Utility. A one-time meter fee of \$45 shall be due upon installation for those locations where no 5/8 inch x 3/4 inch meter has been provided by a developer to the Utility.

For the installation of all other meters, the customer shall be billed for the Utility's actual cost of installation. All such meters shall meet the Utility's standards and be installed by the Utility unless the Utility directs otherwise.

The fees in this Section are subject to the tax considerations noted in Section G below.

G. Taxes: All contributions and advances, whether in the form of property or cash, shall be increased by a cash payment to the utility. Cash contributions and advances shall include an amount equal to 33.24% of the face value of the contribution or advance. Property contributions and advances shall include an amount equal to 18.28% of the original cost of the contribution or advance.

SEWER

Monthly Charges – Sewer Collection & Treatment Only

Where sewage collection and treatment are provided through facilities owned and operated by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
Residential	\$65.08 per unit	\$101.30 per unit
Mobile Homes	\$47.50 per unit	\$73.94 per unit

****(Please see full Application on the Commission's website @psc.sc.gov)****

Commercial, per Single Family Equivalent	\$65.08 per SFE	\$101.30 per SFE
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Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

Monthly Charges – Sewer Collection Only

When sewage is collected by the Utility and transferred to a government body or agency, or other entity for treatment, the Utility's rates are as follows:

	<u>Current</u>	<u>Proposed</u>
Residential – per single-family house, condominium, or apartment unit	\$65.08 per unit	\$47.10 per unit
Sewer Treatment Charge	\$ N/A per unit	\$54.20 per unit
Commercial	\$65.08 per SFE*	\$47.10 per SFE*
Sewer Treatment Charge	\$ N/A per SFE*	\$54.20 per SFE*
The Village Sewer Collection	\$33.86 per SFE*	\$52.71 per SFE*

Purchased Wastewater Expense Rate Adjustment Mechanism

“Sewer Collection Only” customers are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that result from third party wholesale purchased wastewater treatment provider rate changes.

The monthly flat rate is calculated using customer data from the most recent annual reconciliation period. The flat rate adjustment is calculated by taking the adjustment in purchased wastewater treatment expenses caused by known and measurable changes in rates from third party wholesale providers and dividing by the total number of wastewater billing units at the end of the annual reconciliation period. The flat rate adjustment designed to recover the deferral balance amortization expense is adjusted each year and reset to zero when a new base rate case is effective.

Storm Reserve Fund Surcharge

Each sewer customer will be assessed a monthly Storm Reserve Fund surcharge of \$0.53 until the Storm Reserve Fund has reached a balance of \$200,000. Thereafter, assessment of the Storm Reserve Fund surcharge will be suspended until such time as actual costs are incurred by the Company to restore service to customers after storms, at which point the surcharge will be reinstituted until the Storm Reserve Fund has reached a balance of \$200,000.

2. Solids Interceptor Tanks

For all customers receiving sewage collection service through an approved solids interceptor tank, the following additional charges shall apply:

A. Pumping Charge

On such regular intervals as the Utility deems prudent, or upon discovery that excessive solids have accumulated in the interceptor tank, the Utility will arrange for the customer's tank to be pumped out and cleaned. The Utility shall bill the customer for the actual cost to the Utility of pumping and cleaning the tank, including the Utility's cost to access the tank (“Pumping Charge”). The Pumping Charge will be included as a separate line item

****(Please see full Application on the Commission's website @psc.sc.gov)****

on the next regular billing to the customer. Alternatively, at the customer's request, the Pumping Charge may be billed to the customer in twelve equal monthly installments.

3. Non-recurring Charges

A. Sewer Service Connection (New connections only) \$300 per SFE*

B. Plant Capacity Fee (New connections only) \$400 per SFE*

The fees in this Section are subject to the tax considerations noted in Section G below.

G. Taxes: All contributions and advances, whether in the form of property or cash, shall be increased by a cash payment to the utility. Cash contributions and advances shall include an amount equal to 33.24% of the face value of the contribution or advance. Property contributions and advances shall include an amount equal to 18.28% of the original cost of the contribution or advance.

If the Application or Petition in this case contains a request for adjustment of rates, the rates are subject to potential modification by the Commission during the course of this case.

A copy of the Company's Application can be found on the Commission's website at www.psc.sc.gov under Docket No. 2019-290-WS. Additionally, a copy of the Application is available from the offices of Frank R. Ellerbe, III, Esquire and Samuel J. Wellborn, Esquire, Robinson Gray Stepp & Laffitte, LLC, Post Office Box 11449, Columbia, South Carolina 29211.

Any person who wishes to participate in this matter as a party of record should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before **December 16, 2019**, by filing the Petition to Intervene with the Commission, by providing a copy to the Office of Regulatory Staff and by providing a copy to all parties of record. For the receipt of future Commission correspondence, please include an email address in the Petition to Intervene. ***Please refer to Docket No. 2019-290-WS and mail a copy to all other parties in this docket.*** Any person who seeks to intervene and who wishes to testify and present evidence at the hearing should notify, in writing, the Commission; the Office of Regulatory Staff at 1401 Main Street, Suite 900, Columbia, South Carolina 29201; and the company at the above address, on or before **December 16, 2019**. ***Please refer to Docket No. 2019-290-WS.***

Any person who wishes to request that the Commission hold a public hearing in his or her county of residence in order to hear comments from the utility's customers should notify, in writing, the Commission at the address below; the Office of Regulatory Staff, at 1401 Main Street, Suite 900, Columbia, SC 29201; and the Company at the above address, on or before **December 16, 2019**.

PLEASE TAKE NOTICE that a hearing, pursuant to S.C. Code Ann. Regs. 103-817 and S.C. Code Ann. § 58-5-240, on the above matter has been scheduled to begin on **Wednesday, February 26, 2020, at 10:00 a.m.**, before the Commission in the Commission's Hearing Room at 101 Executive Center Drive, Suite 100, Saluda Building, Columbia, South Carolina 29210 for the purpose of receiving testimony and evidence from all interested parties. The hearing may continue on February 27, 2020, February 28, 2020, March 2, 2020 and March 3, 2020, if necessary.

INSTRUCTIONS TO ALL PARTIES OF RECORD (Applicant, Petitioners, and Intervenors only):

All Parties of Record must pre-file testimony with the Commission and with all parties of record. Pre-filed Testimony Deadlines: the Company's **Direct Testimony Due: 12/30/2019**; Other Parties of Record **Direct Testimony Due: 1/22/2020**; the Company's **Rebuttal Testimony Due: 2/5/2020**; and Other Parties of Record **Surrebuttal Testimony Due: 2/12/2020**. All Pre-filed Testimony Deadlines are subject to the information as posted on www.psc.sc.gov under ***Docket No. 2019-290-WS***.

**** (Please see full Application on the Commission's website @psc.sc.gov) ****

For the most recent information regarding this docket, including changes in scheduled dates included in this Notice, please refer to www.psc.sc.gov and *Docket No. 2019-290-WS*.

PLEASE TAKE NOTICE that any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments in person to the Commission during the hearing.

Persons seeking information about the Commission's procedures should contact the Commission at (803) 896-5100 or visit its website at www.psc.sc.gov.